## Fiscal Estimate - 2005 Session

$\boxtimes$	Original		Updated		Corrected		Suppler	nental
LRB	Number	05-1071/2		Intro	duction Num	ber S	B-60	
Subjec	et .				· ·			
Exemp	t from taxatio	on the first \$10,	000 of pensio	n income				
Fiscal	Effect							
	No State Fisc indeterminate Increase E Appropriat Decrease Appropriat Create Ne	Existing tions Existing	Reve Decr Reve	ase Existing enues ease Existing enues	to ab	ase Costs sorb withir Yes ease Costs	agency's	
	ndeterminate  I.  Increase Permiss  2.  Decrease	e Costs sive∭Mandato	3. ☐ Incre ory ☐ Perm 4. ☐ Decre	ase Revenue iissive ☐ Mar ease Revenu iissive ☐ Mar	Gover	of Local rnment Uni owns [ ounties [ chool [ istricts	its Affecte Village Others WTCS Districts	Cities
Fund Sources Affected Affected Ch. 20 Appropriations								
⊠ GP	R FED	PRO [	PRS	SEG 🔲 SE	EGS			
Agenc	y/Prepared I	Ву	e e	Authorized \$	Signature		ſ	Date
DOR/ Kirstin Nelson (608) 261-8984 Rebed				Rebecca Bole	ecca Boldt (608) 266-6785 2/21/2			2/21/2005

## Fiscal Estimate Narratives DOR 2/21/2005

LRB Number	05-1071/2	Introduction Number	SB-60	Estimate Type	Original		
Subject							
Exempt from taxation the first \$10,000 of pension income							
-							

## **Assumptions Used in Arriving at Fiscal Estimate**

Under current law, pension benefits received from the following sources by public employees who were members of or retired from these plans as of December 31, 1963 are exempt from taxation: the U.S. Civil Service Retirement System, the Milwaukee city and county retirement systems, the Police Officer's Annuity and Benefit Fund of Milwaukee, the Milwaukee Public School Teachers' Retirement Fund, the Wisconsin State Teachers' Retirement Fund and the Sheriff's Annuity and Benefit Fund of Milwaukee County. Current law also exempts pension payments received from the following sources to the extent that they are not currently exempt from taxation: the U.S. Military Employee Retirement System and all retirement payments received from the federal government related to service with the Coast Guard or the commissioned corps of either the National Oceanic and Atmospheric Administration or the Public Health Service.

This bill would exempt from taxation up to \$10,000 of pension income received each year, to the extent that it is not already exempt from taxation.

Under the bill, each spouse in a married couple would be allowed a \$10,000 exemption for pension income received, for a maximum exemption of \$20,000 for a couple filing jointly; however, data are not available to determine if only one or both spouses in a married couple filing jointly receive pension income. According to a simulation run on the 2003 Individual Income Tax Model, adjusted for current law, allowing up to a \$10,000 exemption for each eligible filer would affect about 294,000 filers and reduce income tax revenues by at least \$129.4 million annually. If both spouses of a married couple filing jointly each received pension income thereby allowing for a maximum exemption of \$20,000, the bill would reduce income tax revenues by as much as \$183.1 million annually. The actual effect of this bill is assumed to fall somewhere between these two values.

**Long-Range Fiscal Implications** 

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

X	Original	Updated	Corrected	Supplemental				
LRI	B Number <b>05-107</b>	1/2	Introduction Num	ber SB-60				
	mpt from taxation the first \$							
	ne-time Costs or Revenue ualized fiscal effect):	Impacts for s	State and/or Local Governm	ient (do not include in				
II. A	nnualized Costs:		Annualized Fis	Annualized Fiscal Impact on funds from:				
			Increased Costs	Decreased Costs				
A. S	tate Costs by Category							
St	ate Operations - Salaries a	nd Fringes	\$					
(F	TE Position Changes)							
St	ate Operations - Other Cos	sts						
Lo	ocal Assistance							
Ai	ds to Individuals or Organiz	zations						
	TOTAL State Costs by C	ategory	\$	\$				
B. S	tate Costs by Source of F	unds						
GI	PR	ž.						
FE	D		A STATE OF THE STA	en Kalian (j. 1818)				
PF	RO/PRS							
SE	EG/SEG-S							
	tate Revenues - Complet nues (e.g., tax increase, o		en proposal will increase o cense fee, ets.)	r decrease state				
			Increased Rev	Decreased Rev				
GI	PR Taxes		\$	\$				
Gl	PR Earned	다. 19 						
FE								
PF	RO/PRS			·				
SE	EG/SEG-S							
	TOTAL State Revenues		\$	\$				
	· · · · · · · · · · · · · · · · · · ·	NET ANNUA	LIZED FISCAL IMPACT					
			<u>State</u>	Local				
NET CHANGE IN COSTS			\$	\$				
NET CHANGE IN REVENUE			\$SeeText	\$				
Age	ncy/Prepared By		Authorized Signature	Date				
DOR/ Kirstin Nelson (608) 261-8984 Re			Rebecca Boldt (608) 266-678	2/21/2005				